

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2008**

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SEYMOUR COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2007 Election)</b>		
Lisa Warren	President	2008
Tracy McMurray	Board Member	2009
Brent Brown	Board Member	2007
Jerry Keller	Board Member	2007
Dan Furlin, Jr.	Board Member	2008
<b>Board of Education</b>		
<b>(After September 2007 Election)</b>		
Lisa Warren	President	2008
Dan Furlin, Jr.	Board Member	2008
Tracy McMurray	Board Member	2009
Brent Brown	Board Member	2010
Jim Sandy	Board Member	2010
<b>School Officials</b>		
Dr. Gary Drummond	Superintendent	2008
Mollie Banks	Business Manager	2008

**STEPHANIE MENDENHALL CPA, P.C.**  
**217 Broad Street**  
**P.O. Box 220**  
**Humeston, Iowa 50123**  
**641/877-6021**

Independent Auditor's Report

To the Board of Education of  
Seymour Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District, Seymour, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 16, 2008, on my consideration of Seymour Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 9 and 36 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Seymour Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 16, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Seymour Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. I encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,778,211 in fiscal 2007 to \$2,789,450 in fiscal 2008, while General Fund expenditures decreased from \$2,805,729 in fiscal 2007 to \$2,743,124 in fiscal 2008. The District's General Fund balance increased from \$44,190 in fiscal 2007 to \$90,516 in fiscal 2008, a 105% increase.
- The increase in General Fund revenues was attributable to an increase in property tax that offset a decrease in State aid in fiscal 2008. With increased revenues and an emphasis on reduced spending the General Fund eliminated the deficit spending it had been experiencing the past several years.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Seymour Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Seymour Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Seymour Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

**Figure A-1**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$ 2,702	2,684	6	27	2,708	2,711	-0.11%
Capital assets	1,144	1,137	15	9	1,159	1,146	1.13%
Total assets	3,846	3,821	21	36	3,867	3,857	0.26%
Long-term liabilities	245	320	-	-	245	320	-23.44%
Other liabilities	2,042	2,032	7	6	2,049	2,038	0.54%
Total liabilities	2,287	2,352	7	6	2,294	2,358	-2.71%
Net assets:							
Invested in capital assets, net of related debt	898	816	15	9	913	825	10.67%
Restricted	228	247	-	-	228	247	-7.70%
Unrestricted	433	406	(1)	21	432	427	1.10%
Total net assets	1,559	1,469	14	30	1,573	1,499	4.94%

The District's combined net assets increased by nearly 5%, or approximately \$74,000, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$19,000, or 8%, over the prior year. The decrease was primarily a result of increased expenditures in the Physical Plant and Equipment Levy Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$5,300 or 1%.

Figure A-2 shows the changes in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

**Figure A-2**  
**Changes in Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2008	2007	2008	2007	2008	2007	2007-2008
Revenues:							
Program revenues:							
Charges for service	\$ 139	118	54	53	193	171	10.53%
Operating grants, contributions and restricted interest	446	514	65	69	511	583	-12.35%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	
General revenues:							
Property tax	1,053	994	-	-	1,053	994	5.94%
Income surtax	70	59	-	-	70	59	18.64%
Local option sales and service tax	163	185	-	-	163	185	-11.89%
Unrestricted intermediate grants	-	-	-	-	-	-	
Unrestricted state grants	1,225	1,226	-	-	1,225	1,226	0.00%
Unrestricted investment earnings	28	43	-	-	28	43	-34.88%
Other	13	11	-	-	13	11	18.18%
Total revenues	3,137	3,150	119	122	3,256	3,272	-0.49%
Program expenses:							
Governmental activities:							
Instruction	1,936	1,957	-	-	1,936	1,957	-1.07%
Support services	946	1,006	-	-	946	1,006	-5.97%
Non-instructional programs	-	-	135	134	135	134	0.75%
Other expenses	166	121	-	-	166	121	37.19%
Total expenses	3,048	3,084	135	134	3,183	3,218	-1.09%
Change in net assets	89	66	(16)	(12)	73	54	35.19%

In fiscal 2008, property tax and unrestricted state grants account for 73% of the revenue from governmental activities while charges for service and operating grants and contributions account for 100% of the revenue from business type activities.

The District's total revenues were \$3.256 million, of which \$3.137 million was for government activities and \$119,000 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a .49% decrease in revenues and a 1.09% decrease in expenses. Property taxes increased \$59,000 and state aid decreased \$1,000. Expenditures decreased in the instruction area because of emphasis on reduced spending in purchased services, supplies and equipment.

#### **Governmental Activities**

Revenues for governmental activities were \$3,137,000 and expenses were \$3,048,000. In a difficult budget year, the District was able to balance the budget by trimming expenses and increasing property taxes.



The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2008 compared to the year ended June 30, 2007.

**Figure A-3**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	Change			Change		
	2008	2007	2007-2008	2008	2007	2007-2008
Instruction	\$1,936	1,957	-1.07%	1,453	1,427	1.80%
Support services	946	1,006	-5.97%	946	1,006	-5.97%
Non-instruction	-	-		-	-	
Other expenses	166	121	37.19%	65	19	242.11%
<b>Total</b>	<b>3,048</b>	<b>3,084</b>	<b>-1.17%</b>	<b>2,464</b>	<b>2,452</b>	<b>0.49%</b>

For the year ended June 30, 2008:

- The cost financed by users of the District's programs was \$138,425.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$446,166.
- The net cost of governmental activities was financed with \$1,286,880 in property and other taxes and \$1,225,100 in unrestricted state grants.

#### **Business Type Activities**

Revenues for business type activities during the year ended June 30, 2008 were \$118,873, representing a 2.5% decrease over the prior year, while expenses totaled \$134,954, a .7% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

During the year ended June 30, 2008, the District maintained meal prices. The District reported a negative balance due primarily to fewer meal sales due to declining enrollment and increased food costs.

#### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Seymour Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$660,743, above last year's ending fund balances of \$653,302.

#### **Governmental Fund Highlights**

- The District's improved General Fund financial position is the result of increased property taxes, staff reduction and an emphasis on cutting spending.
- To maintain the General Fund balance the District has eliminated certified and non-certified staff positions. The District will address some of the revenue short falls by adjusting the revenue sources utilized to support the General Fund. The District has utilized funds generated by the SILO tax to reduce the debt service levy. The previous debt service levy has been added to help support the General Fund levy.
- The Physical Plant and Equipment Levy (PEEL) Fund balance decreased because the District purchased equipment and made major repairs to the facilities.
- The Capital Projects Fund balance decreased from \$362,119 in fiscal 2007 to \$348,212 in fiscal 2008. Monies were transferred from capital projects fund to Debt Service Fund to pay required bond payments and to purchase a bus.

## Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$30,209 at June 30, 2007 to \$14,128 at June 30, 2008, representing a decrease of approximately 53%. The District has experienced significant declining enrollment the past few years resulting in fewer meals served. But the District has not reduced labor costs in relationship to fewer meals served.

## BUDGETARY HIGHLIGHTS

The District's receipts were \$314,643 less than budgeted receipts, a variance of 8.8%. The most significant variance resulted from the District receiving less state and federal aid than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, the District had invested \$1.159 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net decrease of 1% from last year. Depreciation expense for the year was \$90,336.

The original cost of the District's capital assets was \$2.53 million. Governmental funds account for \$2.51 million, with the remainder of \$.02 million accounted for in the Proprietary, School Nutrition Fund.

**Figure A-4**  
**Capital Assets, Net of Depreciation**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Land	\$ 3	3	-	-	3	3	0.00%
Buildings	970	1,016	-	-	970	1,016	-4.53%
Furniture and equipment	171	119	15	9	186	128	45.31%
Total	1,144	1,138	15	9	1,159	1,147	1.05%

## Long-Term Debt

At June 30, 2008, the District had \$245,000 in general obligation debt outstanding. This represents a decrease of approximately 23% from last year.

**Figure A-5**  
**Outstanding Long-Term Obligations**  
**(expressed in thousands)**

	<u>Total</u> <u>District</u> <u>June 30,</u> <u>2008</u> <u>2007</u>		<u>Total</u> <u>Change</u> <u>June 30,</u> <u>2007-2008</u>
General obligation bonds	\$245,000	\$320,000	-23.4%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Wayne County has advised the District that due to revised valuations the District's total taxable valuation will go up \$2,170,000 for property tax collected in fiscal 2008. The property tax levy has been increased for fiscal year 2009.
- The District has experienced declining enrollment for the past several years, 80 attending students the past four years. The District expects declining enrollment for fiscal year 2009.
- The District eliminated a teaching position, two aide positions and a cook position in an attempt to balance the fiscal year 2009 budget.
- The District continues to operate on a year-to-year collective agreement with the Seymour Education Teacher's Association. Recent negotiated settlements were 2.9% for fiscal 2009.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mollie Banks, District Secretary/Treasurer and Business Manager, Seymour Community School District, Seymour, Iowa 52590.

## **Basic Financial Statements**

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2008

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 776,891	5,364	782,255
ISCAP	596,732	-	596,732
Receivables:			
Property tax:			
Delinquent	23,932	-	23,932
Succeeding year	1,099,359	-	1,099,359
Income tax succeeding year	58,596	-	58,596
Accounts	35	-	35
ISCAP accrued interest	6,270	-	6,270
Due from other governments	139,742	-	139,742
Inventories	-	1,265	1,265
Capital assets, net of accumulated depreciation	1,144,030	14,911	1,158,941
<b>Total assets</b>	<b>3,845,587</b>	<b>21,540</b>	<b>3,867,127</b>
<b>Liabilities</b>			
Accounts payable	32,526	-	32,526
Salaries and benefits payable	243,204	5,681	248,885
Accrued interest payable	1,008	-	1,008
Deferred revenue:			
Other	2,814	1,730	4,544
Succeeding year property tax	1,099,359	-	1,099,359
Succeeding year income surtax	58,596	-	58,596
ISCAP warrants payable	593,000	-	593,000
ISCAP accrued interest payable	3,775	-	3,775
Other liabilities	7,540	-	7,540
Long-term liabilities:			
Portion due within one year:			
Bonds payable	80,000	-	80,000
Portion due after one year:			
Bonds payable	165,000	-	165,000
<b>Total liabilities</b>	<b>2,286,822</b>	<b>7,411</b>	<b>2,294,233</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	898,022	14,911	912,933
Restricted for:			
Management levy	109,750	-	109,750
Debt service	19	-	19
Physical plant and equipment levy	9,581	-	9,581
Other special revenue purposes	108,434	-	108,434
Unrestricted	432,959	(783)	432,176
<b>Total net assets</b>	<b>\$ 1,558,765</b>	<b>14,128</b>	<b>1,572,893</b>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs	Expenses	Service		
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,296,284	58,436	220,689	-
Special instruction	299,415	-	123,798	-
Other instruction	340,389	79,989	-	-
	1,936,088	138,425	344,487	-
Support Service:				
Student services	88,547	-	-	-
Instructional staff services	61,104	-	-	-
Administration services	338,057	-	-	-
Operating and maintenance of plant services	262,844	-	-	-
Transportation services	195,037	-	-	-
	945,589	-	-	-
Non-instructional programs	250	-	-	-
Other expenditures:				
Facilities acquisition	49,418	-	-	-
Long-term debt interest	15,390	-	-	-
AEA flowthrough	101,679	-	101,679	-
	166,487	-	101,679	-
Total governmental activities	3,048,414	138,425	446,166	-
Business type activities:				
Non-instructional programs:				
Nutrition services	134,954	53,348	65,311	-
	134,954	53,348	65,311	-
Total	\$ 3,183,368	191,773	511,477	-

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Net (Expense) Revenue and Changes in Net Assets

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Governmental Activities	Business type Activities	Total
(1,017,159)	-	(1,017,159)
(175,617)	-	(175,617)
(260,400)	-	(260,400)
(1,453,176)	-	(1,453,176)
(88,547)	-	(88,547)
(61,104)	-	(61,104)
(338,057)	-	(338,057)
(262,844)	-	(262,844)
(195,037)	-	(195,037)
(945,589)	-	(945,589)
(250)		(250)
(49,418)	-	(49,418)
(15,390)	-	(15,390)
-	-	-
(64,808)	-	(64,808)
(2,463,823)	-	(2,463,823)
-	(16,295)	(16,295)
	(16,295)	(16,295)
(2,463,823)	(16,295)	(2,480,118)

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Continued from previous page

**General Revenues:**

Totals from pages 20 and 21	\$	3,182,968	191,773	511,477	-
Property tax levied for:					
General purposes					
Debt service					
Capital outlay					
Income surtax					
Local option sales and services tax					
Unrestricted intermediate grants					
Unrestricted state grants					
Unrestricted investment earnings					
Other					
 Total general revenues					
 Change in net assets					
 Net assets beginning of year					
 Net assets end of year					

See notes to financial statements.

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(2,463,422)	(16,295)	(2,479,717)
1,053,283		1,053,283
-		-
-		-
70,481		70,481
163,116		163,116
-		-
1,225,100		1,225,100
27,775	214	27,989
13,326		13,326
<hr/>		
2,553,081	214	2,553,295
<hr/>		
89,258	(16,081)	73,177
1,469,507	30,209	1,499,716
<hr/>		
1,558,765	14,128	1,572,893
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SEYMOUR COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

	General	Debt Service	Capital Projects
<b>Assets and Other Debits</b>			
Cash and pooled investments	\$ 250,986	19	305,433
ISCAP	596,732	-	-
Receivables:		-	-
Property tax:			
Current year delinquent	22,026	-	-
Succeeding year	1,014,665	-	-
Income tax succeeding year	58,596	-	-
Accounts	35	-	-
ISCAP accrued interest	6,270	-	-
Due from other governments	73,817	-	65,925
<b>Total assets</b>	<b>2,023,127</b>	<b>19</b>	<b>371,358</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	9,017	-	23,146
Salaries and benefits payable	243,204	-	-
Deferred revenue:			
Grants	2,814	-	-
Succeeding year property tax	1,014,665	-	-
Succeeding year income surtax	58,596	-	-
ISCAP warrants payable	593,000	-	-
ISCAP accrued interest payable	3,775	-	-
Other liabilities	7,540	-	-
<b>Total liabilities</b>	<b>1,932,611</b>	<b>-</b>	<b>23,146</b>
Fund balances:			
Reserved for:			
Debt service	-	19	-
Other	5,769	-	-
Unreserved:			
Undesignated	84,747	-	348,212
<b>Total fund balances</b>	<b>90,516</b>	<b>19</b>	<b>348,212</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,023,127</b>	<b>19</b>	<b>371,358</b>

See notes to financial statements.

Nonmajor Special Revenue	Total
220,453	776,891
-	596,732
-	
1,906	23,932
84,694	1,099,359
-	58,596
	35
	6,270
	139,742
307,053	2,701,557

363	32,526
-	243,204
-	2,814
84,694	1,099,359
-	58,596
-	593,000
-	3,775
-	7,540
85,057	2,040,814

-	19
-	5,769
221,996	654,955
221,996	660,743
307,053	2,701,557

SEYMOUR COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2008

<b>Total fund balances of governmental funds (pg. 16)</b>	\$ 660,743
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***Amounts reported for governmental activities in the  
Statement of Net Assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,144,030
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,008)
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Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(245,000)</u>
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<b>Net assets of governmental activities (pg. 10)</b>	<u><u>\$ 1,558,765</u></u>
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See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2008

	General	Debt Service	Capital Projects
Revenues:			
Local sources:			
Local tax	\$ 1,039,831	-	163,116
Tuition	44,756	-	-
Other	30,303	1	11,428
Intermediate	20,805	-	-
State sources	1,465,071	-	-
Federal sources	185,390	-	-
Total revenues	2,786,156	1	174,544
Expenditures:			
Current:			
Instruction:			
Regular instruction	1,296,284	-	-
Special instruction	299,415	-	-
Other instruction	240,273	-	-
	1,835,972	-	-
Support services:			
Student services	88,547	-	-
Instructional staff services	61,104	-	-
Administration services	285,438	-	-
Operation and maintenance of plant services	214,098	-	-
Transportation services	156,036	-	74,215
	805,223	-	74,215
Non-instructional programs	250	-	-
Other expenditures:			
Facilities acquisition	-	-	23,146
Long-term debt:			
Principal	-	75,000	-
Interest and fiscal charges	-	16,090	-
AEA flowthrough	101,679	-	-
	101,679	91,090	23,146
Total expenditures	2,743,124	91,090	97,361
Excess (deficiency) of revenues over (under) expenditures	43,032	(91,089)	77,183
Other financing sources:			
Operating transfers in		91,090	
Operating transfers out		-	(91,090)
Sale of equipment	3,294	-	
Total other financing sources	3,294	91,090	(91,090)
Net change in fund balances	46,326	1	(13,907)
Fund balances beginning of year	44,190	18	362,119
Fund balances end of year	\$ 90,516	19	348,212

See notes to financial statements.

Nonmajor Special Revenue	Total
83,933	1,286,880
-	44,756
90,145	131,877
-	20,805
-	1,465,071
-	185,390
174,078	3,134,779

-	1,296,284
-	299,415
100,116	340,389
100,116	1,936,088

-	88,547
-	61,104
52,619	338,057
-	214,098
-	230,251
52,619	932,057

-	250
---	-----

46,322	69,468
-	75,000
-	16,090
-	101,679
46,322	262,237
199,057	3,130,632

(24,979)	4,147
-	91,090
-	(91,090)
	3,294
-	3,294

(24,979)	7,441
246,975	653,302
221,996	660,743

SEYMOUR COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008

<b>Net change in fund balances-total governmental funds (pg. 19)</b>	\$	7,441
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***Amounts reported for governmental activities in the  
Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	94,265	
Depreciation expense	<u>(87,748)</u>	6,517

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		75,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		300
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<b>Change in net assets of governmental activities (pg. 14)</b>	\$	<u><u>89,258</u></u>
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See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2008

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,364
Inventories	1,265
Capital assets, net of accumulated depreciation	<u>14,911</u>
<b>Total assets</b>	<u>21,540</u>
<b>Liabilities</b>	
Salaries and benefits payable	5,681
Deferred revenue	<u>1,730</u>
<b>Total liabilities</b>	<u>7,411</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	14,911
Unrestricted	<u>(783)</u>
<b>Total net assets</b>	<u><u>\$ 14,128</u></u>

See notes to financial statements.



SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
Year ended June 30, 2008

	<u>School Nutrition</u>
Operating revenues:	
Local sources	
Charges for service	<u>\$         53,348</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	55,357
Benefits	9,575
Purchased services	-
Supplies	67,433
Depreciation	<u>2,589</u>
Total operating expenses	<u>134,954</u>
Operating loss	<u>(81,606)</u>
Non-operating revenues:	
State sources	1,487
Federal sources	63,824
Local sources	<u>214</u>
Total non-operating revenues	<u>65,525</u>
Net income	(16,081)
Net assets beginning of year	<u>30,209</u>
Net assets end of year	<u><u>\$         14,128</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year ended June 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of meals	\$ 53,978
Cash payments to employees for services	(64,762)
Cash payments to suppliers for goods or services	(59,751)
Net cash used by operating activities	<u>(70,535)</u>
State grants received	1,487
Federal grants received	56,073
Net cash provided by non-capital financing activities	<u>57,560</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(8,060)
Cash flows from investing activities:	
Interest on investments	<u>214</u>
Net decrease in cash and cash equivalents	(20,821)
Cash and cash equivalents at beginning of year	<u>26,185</u>
Cash and cash equivalents at end of year	<u><u>5,364</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	(81,606)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	7,751
Depreciation	2,589
Increase in inventory	(70)
Increase in payables	171
Increase in deferred revenue	630
Net cash used by operating activities	<u><u>(70,535)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2008, the District received federal commodities valued at \$7,751.

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2008

	Private Purpose Trust
	Scholarship
<b>Assets</b>	
Cash and pooled investments	\$ 126,298
<b>Total assets</b>	<u>126,298</u>
<b>Liabilities</b>	
Accounts payable	-
<b>Total liabilities</b>	<u>-</u>
<b>Net assets</b>	
Reserved for scholarships	<u>126,298</u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year ended June 30, 2008

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$	-
Interest income		19
Total additions		<u>19</u>
Deductions:		
Support services:		
Scholarships awarded		-
Fees		12
		<u>12</u>
Change in net assets		7
Net assets beginning of year		<u>126,291</u>
Net assets end of year	\$	<u><u>126,298</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2008

**(1) Summary of Significant Accounting Policies**

Seymour Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Seymour and Promise City, Iowa, and the predominate agricultural territory in Wayne and Appanoose Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Seymour Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Seymour Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Wayne County Assessor's Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvements of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvement other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 years
Improvements other than buildings	20-40 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and income surtax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

#### (2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investments trusts; and warrants or improvement certificates of a drainage district.



At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$860,992

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint investment Trust were both rated Aaa by Moody's Investors Service.

### (3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Debt Service	Capital Projects	<u>91,090</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

### (4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2007-08A	6/27/07	6/27/08	\$ -	2,775	-	-
2007-08B	1/23/08	1/21/09	223,716	3,354	223,000	3,633
2008-09A	6/26/08	6/23/09	<u>373,016</u>	<u>141</u>	<u>370,000</u>	<u>142</u>
Total			<u>596,732</u>	<u>6,270</u>	<u>593,000</u>	<u>3,775</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2007-08A	\$ -	50,000	\$ 50,000	-
2007-08B	-	-	-	-
2008-09A	-	-	-	-
Total	<u>-</u>	<u>50,000</u>	<u>50,000</u>	

**(4) Iowa School Cash Anticipation Program (ISCAP) (continued)**

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.448%
2007-08B	3.750%	3.451%
2008-09A	3.750%	3.469%

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,150	-	-	3,150
Total capital assets not being depreciated	3,150	-	-	3,150
Capital assets being depreciated:				
Buildings	2,013,390	-	-	2,013,390
Improvements other than buildings	-	-	-	-
Furniture and equipment	486,103	94,265	(84,226)	496,142
Total capital assets being depreciated	2,499,493	94,265	(84,226)	2,509,532
Less accumulated depreciation for:				
Buildings	998,190	44,925	-	1,043,115
Improvements other than buildings	-	-	-	-
Furniture and equipment	366,941	42,822	(84,226)	325,537
Total accumulated depreciation	1,365,131	87,747	(84,226)	1,368,652
Total capital assets being depreciated, net	1,134,362	6,518	-	1,140,880
Governmental activities capital assets, net	1,137,512	6,518	-	1,144,030
<b>Business type activities:</b>				
Furniture and equipment	17,248	8,060	-	25,308
Less accumulated depreciation	7,808	2,589	-	10,397
Business type activities capital assets, net	9,440	5,471	-	14,911

Depreciation expense was charged to the following functions:

Support services:	
Operation and maintenance	48,746
Transportation	39,001
Total depreciation expense - governmental activities	87,747
Business type activities:	
Food service operations	2,589

## (6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 320,000	-	75,000	245,000	80,000

### General Obligation Bonds Payable

Bond Issue of June 1, 1996				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	4.90%	80,000	12,090	92,090
2010	4.90%	80,000	8,170	88,170
2011	5.00%	85,000	4,250	89,250
Total		\$ 245,000	24,510	269,510

## 7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement Systems (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$173,813, \$162,264 and \$159,618 respectively, equal to the required contributions for each year.

## (8) Risk Management

Seymour Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## (9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$101,679 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

SEYMOUR COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 1,463,513	53,562
Intermediate sources	20,805	-
State sources	1,465,071	1,487
Federal sources	185,390	63,824
Total revenues	<u>3,134,779</u>	<u>118,873</u>
Expenditures:		
Instruction	1,936,088	-
Support services	932,057	-
Non-instructional programs	250	-
Other expenditures	262,237	134,954
Total expenditures	<u>3,130,632</u>	<u>134,954</u>
Excess (deficiency) of revenues over (under) expenditures	4,147	(16,081)
Other financing sources	<u>3,294</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	7,441	(16,081)
Balances beginning of year	<u>653,302</u>	<u>30,209</u>
Balances end of year	<u><u>\$ 660,743</u></u>	<u><u>14,128</u></u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amount Original	Variance Favorable (Unfavorable)
1,517,075	1,512,173	4,902
20,805	35,000	(14,195)
1,466,558	1,618,122	(151,564)
249,214	403,000	(153,786)
3,253,652	3,568,295	(314,643)
1,936,088	2,369,000	432,912
932,057	1,478,609	546,552
250	500	250
397,191	457,145	59,954
3,265,586	4,305,254	1,039,668
(11,934)	(736,959)	
3,294	3,500	
(8,640)	(733,459)	
683,511	560,391	
674,871	(173,068)	

## SEYMOUR COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis. Encumbrances are not recognized on the modified accrual basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30,2008

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
<b>Assets</b>				
Cash and pooled investments	\$ 108,388	102,956	9,109	220,453
Receivables:				
Property tax:				
Current year delinquent	1,362	-	544	1,906
Succeeding year	60,000		24,694	84,694
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>169,750</b>	<b>102,956</b>	<b>34,347</b>	<b>307,053</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	-	291	72	363
Deferred revenue:				
Succeeding year property tax	60,000	-	24,694	84,694
Total liabilities	60,000	291	24,766	85,057
Fund equity:				
Fund balances:				
Unreserved, undesignated fund balance	109,750	102,665	9,581	221,996
<b>Total liabilities and fund balances</b>	<b>\$ 169,750</b>	<b>102,956</b>	<b>34,347</b>	<b>307,053</b>

See accompanying independent auditor's report.



SEYMOUR COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2008

	Management	Student Activity	Physical Plant and Equipment Levy
Revenues:			
Local sources:			
Local tax	\$ 59,969	-	23,964
Other	9,699	79,989	457
State sources	-	-	-
Federal sources	-	-	-
Total revenues	69,668	79,989	24,421
Expenditures:			
Current			
Instruction:			
Other instruction	9,635	90,481	-
Support services:			
Administrative support	52,619	-	-
Plant operation	-	-	-
Student transportation	-	-	-
Other expenditures:			
Facilities acquisition	-	-	46,322
Total expenditures	62,254	90,481	46,322
Excess (deficiency) of revenues over (under) expenditures	7,414	(10,492)	(21,901)
Other financing sources			
Operating transfers in	-	-	-
Fund balances beginning of year	102,336	113,157	31,482
Fund balances at end of year	\$ 109,750	102,665	9,581

See accompanying independent auditor's report.

Total	
83,933	
90,145	
-	
-	
174,078	
100,116	
52,619	
-	
-	
46,322	
199,057	
(24,979)	
-	
246,975	
221,996	

SEYMOUR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2008

Account	Balance Beginning Of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ (398)	16,744	17,497	(1,151)
FFA	10,200	24,903	20,275	14,828
FCCLA	1,226	3,028	3,486	768
General	73,876	20,417	31,877	62,416
Vocal Music	3,784	1,069	753	4,100
Student Council	575	134	363	346
Cheerleaders	2,423	-	64	2,359
S Club	6,220	4,024	5,292	4,952
Post Prom	3,132	1,796	2,076	2,852
Youth Council	333	-	-	333
Speech	332	911	1,001	242
Wayne County Coalition	791	168	246	713
Melissa's	101	-	52	49
Lion's Back Stop	919	-	-	919
TAG	79	-	-	79
Class of 2007	482	-	482	-
Class of 2008	2,873	216	3,089	-
Class of 2009	3,187	1,458	2,508	2,137
Class of 2010	2,542	2,597	803	4,336
Class of 2011	480	2,024	567	1,937
Class of 2012	-	500	50	450
Totals	\$ 113,157	79,989	90,481	102,665

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues:				
Local sources:				
Local tax	\$ 1,286,880	\$ 1,237,767	\$ 1,184,489	1,110,940
Tuition	44,756	29,586	33,187	32,188
Other	135,171	142,413	133,087	117,182
Intermediate sources	20,805	20,976	7,820	9,730
State sources	1,465,071	1,501,281	1,523,719	1,428,263
Federal sources	185,390	218,008	303,515	284,052
Total	3,138,073	3,150,031	3,185,817	2,982,355
Expenditures:				
Instruction:				
Regular instruction	1,296,284	1,268,925	\$ 1,159,129	1,128,622
Special instruction	299,415	449,514	390,671	491,148
Other instruction	340,389	238,683	348,390	337,582
Support services:				
Student services	88,547	87,398	90,296	89,263
Instructional staff services	61,104	91,178	128,391	115,260
Administration services	338,057	318,580	330,017	316,867
Operation and maintenance of plant services	214,098	235,286	318,076	211,133
Transportation services	230,251	214,637	209,847	212,484
Central support	250	250	250	519
Non-instructional programs				
Other expenditures:				
Facilities acquisition	69,468	-	-	-
Long-term debt:				
Principal	75,000	70,000	65,000	65,000
Interest and other charges	16,090	19,380	22,381	25,295
AEA flowthrough	101,679	101,544	99,068	99,994
Total	\$ 3,130,632	3,095,375	3,161,516	3,093,167

See accompanying independent auditor's report.

**STEPHANIE MENDENHALL CPA, P.C.**  
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**P.O. Box 220**  
**Humeston, Iowa 50123**  
**641/877-6021**

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Seymour Community School District:

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Seymour Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and issued my report thereon dated September 16, 2008, I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Seymour Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Seymour Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Seymour Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect Seymour Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Seymour Community School District's financial statements that is more than inconsequential will not be prevented or detected by Seymour Community School District's internal control. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Seymour Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe item II-A-08 is a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seymour Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Seymour Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the District's responses, I did not audit Seymour Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Seymour Community School District and other parties to whom Seymour Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Seymour Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

**Part 1: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

- II-A-08 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

Not applicable since less than \$500,000 in federal awards.

**Other Findings Related to Statutory Reporting:**

- IV-A-08 Certified Budget – Disbursements for the year ended June 30, 2008, did not exceed the certified budget.

- IV-B-08 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- IV-C-08 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- 1V-D-08 Business Transactions – No business transactions were noted between the District and District officials or employees.

- IV-E-08 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that coverage is adequate for current operations.

- IV-F-08 Board Minutes – No transactions were noted requiring Board approval which had not been approved by the Board.

- IV-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-08 Certified Annual Report – The Certified Annual Report will be filed with the Iowa Department of Education timely.
- IV-J-08 Student Activity Receipts – For several years grants have been received from Wayne County Coalition to be used to introduce nutritional eating ideas into the curriculum.
- Recommendation – The money was not co-curricular in nature and should be deposited into the General Fund or Nutrition Fund.
- Response – Will take under advisement.
- Conclusion – This has been the response of the District for several years.
- IV-K-08 Closed Session – The District entered closed session during several board meetings to discuss personnel issues and staffing of students. The purpose of the closed session was not always recorded.
- Recommendation – The reason to hold the closed session must be announced publicly and entered into the board minutes. Individual votes of the board members to enter the closed session must be recorded.
- Response – We will properly document all closed sessions.
- Conclusion – Response accepted.
- IV-L-08 Student Activity Receipt and Expenditure – The District received a \$1,251 grant from the State of Iowa to purchase a defibrillator. A defibrillator was purchased at a cost of \$1,763. This activity was recorded in the Student Activity Fund.
- Recommendation – The receipt and expenditure are not co-curricular in nature and should have been recorded in the General Fund.
- Response – We will take under advisement.
- Conclusion – Response accepted.
- IV-M-08 Nutrition Fund – The nutrition fund has a deficit of \$783 in unrestricted balance.
- Recommendation – The District needs to make changes to generate more revenue and/or decrease expenditures.
- Response – Meal prices have been increased and an employee position eliminated to address this issue.
- Conclusion – Response accepted.





